

## **MEETING #4 January 29**

At a Workshop Meeting of the Madison Board of Supervisors on Thursday, January 29, 2009 at 2:00 p.m., in the Thrift Road Complex:

### **PRESENT:**

James L. Arrington, Vice-Chairman  
William L. Crigler, Member  
Bob Miller, Member  
Clark Powers, Member  
Lisa A. Robertson, County Administrator  
Jacqueline S. Frye, Secretary

### **ABSENT:**

Eddie Dean, Chairman,  
V. R. Shackelford, III, County Attorney

Vice-Chairman, James L. Arrington called the meeting to order and stated that a Quorum was present.

Vice-Chairman, James L. Arrington also stated that Chairman, Eddie Dean was absent.

Topics for discussion included the following:

### **Transient Occupancy Tax (Madison Finance Committee presentation):**

Bill Hinkes of the Madison Finance Committee provided a full overview of the Transient Occupancy Tax (two percent) and recommendations as follows:

- 1) It would be paid primarily by non-residents of the County who use County accommodations;
- 2) It is now in effect in approximately seventy percent (70%) of the Counties in the State and all of our adjacent Counties;
- 3) It should not negatively affect business activity of service providers since it is a norm in the industry and insignificant relative to the total room charge;
- 4) It allows the County to recapture some of the reduction of revenues from the state.

Other items of interest regarding the proposal include:

- a) Levy of tax rate;
- b) Payment & collection;
- c) Reports & remittances generally;
- d) Preservation of records;
- e) Advertising payment of absorption of tax;
- f) Duty when going out of business;
- g) Enforcement; duty of the Commissioner of the Revenue;

- h) The two percent (2%) tax on temporary occupancy will be implied for those residing in Madison with a stay of no longer than thirty (30) days; this tax can be increased to a maximum of five percent (5%) at the discretion of the Madison County Board of Supervisors, although taxes in excess of two percent (2%) must be approved by the State.

Furthermore, it is anticipated that such a tax would assist the County in recapturing some revenue and possibly stimulate activity for the private bed/breakfasts that are currently in operation throughout Madison County. Additionally, it also suggested that a three percent (3%) commission be paid to the vendors (i.e. B&B or to whomever is providing a room) in that this would cover the cost of operation.

In closing, Bill Hinkes stated an Ordinance has been drafted after the one being used in Greene County which can be reviewed and tweaked and placed into effect by June 1, 2009 in time for tourist season.

Clark Powers asked if there was any idea as to the percentage of revenue the County could receive, to which Bill Hinkes stated that Rappahannock County (excluding the Town or the Washington Inn) generates about \$142,000.00 annually based on four percent (4%); therefore, it is anticipated that Madison County could generate about \$71,000.00 based on a two percent (2%) rate.

Bill Price was present and stated the Madison Finance Committee has found the Inn @ Meander and Graves Mountain Lodge in Madison County do not charge a meals tax if individuals stay overnight because these businesses charge a “one rate” fee; however, although Graves Mountain Lodge isn’t considered a “Bed & Breakfast” but do not charge a meals tax to those who stay at the facility. Based on a conversation with the owner of Graves Mountain Lodge, it is anticipated that a meals tax would generate an additional \$15,000.00 to \$20,000.00 in revenue.

In closing, Bill Price feels the total revenue connected could be used to offset the funds the County already donates to maintain the Madison County Chamber of Commerce.

Bob Miller commented on the draft Ordinance as to the clarification of what facilities will be taxed (i.e. campground with cabins, motor home, etc.), to which Bill Hinkes explained the County cannot do anything other than what the State of Virginia authorizes, and the Committee is uncertain about this issue at the present time and will need to be investigated

Jim Smith was present and stated that a traveling campsite isn’t defined in the State of Virginia, and feels the Attorney General will need to be contacted to provide some clarification.

Questions were raised as to how many Bed & Breakfast sites are located in Madison County, to which it was estimated about 15; however, after further investigation, the figure is believed to be 25 to 30 of these sites in the area.

Lisa Robertson, County Administrator, advised that some of the businesses operating as Bed & Breakfasts in Madison County are residents who have one (1) or two (2) rooms in a basement setting that they advertise as a “Bed & Breakfast” for accommodations.

Bill Hinkes advised the tax can also apply in the event Madison County builds a Holiday Inn or some other type of hotel/motel for lodging guests

After discussion, the Board determined it would take about sixty (60) days before any action could be taken on today’s request (i.e. following an advertisement, public hearing and final approval/disapproval of the request).

William L. Crigler asked about the administration of the tax and enforcement of the procedure through the Commissioner of the Revenue & the Treasurer’s Office, and whether there will be forms involved, to which it was determined forms will be needed (attained from another locality and reviewed); it was also suggested that an exception be in place for the winter months when some of these owners shut down for the season (i.e. reduced fee).

The Madison Finance Committee met with the Commissioner of the Revenue’s Office during the initial discussion of the meals tax and the topic of the occupancy tax was brought forth for discussion; however, there has been no further discussion with that respective office as the process has progressed.

The Madison Finance Committee also provided some insight as to ways to simplify taxes in Madison County (i.e. advertise to eliminate the farm machinery tax [boats, trailers] and the Madison County Board of Supervisors’ decision to eliminate the County sticker but continued to enforce the tax (which could’ve been increased a penny or two).

Lisa Robertson, County Administrator, stated the Madison County Board of Supervisors voted to eliminate the County decals; she and Ross Shifflett, Director of Facilities & Maintenance, are working out the details of how citizens will access the Madison Transfer Station after March 1, 2009.

Bill Hinkes stated the Madison Finance Committee felt the small fees should be eliminated.

Bob Miller asked if there were any figures attained from the Commissioner of the Revenue as to what amount of revenue would be forfeited if the County did away with the smaller amount of taxes,

to which Bill Hinkes suggested the small amount of taxes be added to the real estate tax which will probably equate to one-half cent and will simplify the taxing process.

Bob Miller stated the County didn't have the appropriate accounting system capable of estimating the effect of reducing taxes on equipment on an annual basis; for this reason, the current schedule was devised; however, the current equipment is much newer and might produce a sizeable amount of income; he feels the County shouldn't eliminate this tax without fully investigating the effects that might result.

Lisa Robertson, County Administrator, advised that she and Teresa Miller, Finance Director, are still in the process of working to determine the amount of County revenue and are also looking at the numbers generated for farm equipment/machinery and the amount of decrease in tax revenue when the County went from six (6) to five (5) years of assessed value, which was reported by RDA to be about \$180,000.00 – this years assessment will be from five (5) to four (4) years of assessed value.

Additionally, the Madison Finance Committee questioned whether any progress is being made with incorporating fees for EMS services, to which William L. Crigler advised the process is moving forward and progressing well.

In closing, the Madison Finance Committee is also looking to identify ways in which to possibly charge a fee for the use of County facilities, the incorporation of a land use tax and events tax, and the use of website communications as a means for billing and providing budgetary concepts via the web.

James L. Arrington thanked the members of the Madison Finance Committee for coming and sharing their concerns.

#### **FY2010 Budgetary Preparations:**

Lisa Robertson, County Administrator, advised that she and Teresa Miller, Finance Director, are still in the process of preparing a draft budget – the budget schedule provided to the board in the late fall denotes the draft budget will be presented to the Madison County Board of Supervisors by February 10, 2009.

In closing, Lisa Robertson, County Administrator, stated the revenue figures are being Incorporated; however, there is no information as to what funds will be provided by the State. The Commissioner of the Revenue's Office has advised they will not be able to provide personal property/real estate values for another two (2) weeks.

James L. Arrington asked to have the draft as soon as possible, to which Lisa Robertson, County Administrator, advised it is the intention of all parties involved to stick to the budgetary schedule as adopted in the fall of 2008.

James L. Arrington advised the Madison County School Board will have a budgetary meeting tonight at 7:00 p.m. at the auditorium of the Madison County High School.

With no further discussion or action being required by the Board, on motion of Bob Miller, seconded by William L. Crigler, James L. Arrington, Vice-Chairman, adjourned the meeting, with the following vote recorded:

Eddie Dean	Absent
James L. Arrington	Aye
William L. Crigler	Aye
Bob Miller	Aye
Clark Powers	Aye

Date: January 30, 2009